



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

TRANSPORTATION AND
CLAIMS DIVISION

B-145455

FEB 10 1975

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

According to information provided by Headquarters, United States Army, Europe (USAREUR), the military services have incurred potential costs of over \$1 million during fiscal year 1974 for delays in unloading seavans at the Kaiserslautern Cold Stores (KCS) warehouse in Germany. Because of increases in current seavan delay charges, the costs for fiscal year 1975 could exceed \$1.8 million.

We believe the causes for this problem are essentially (1) the warehouse has insufficient storage capacity and (2) the agencies involved in the distribution system--the Defense Personnel Support Center (DPSC), the Eastern Area Military Traffic Management Command (EAMTMC), the Military Sealift Command (MSC), and USAREUR--are not coordinating their actions to insure an orderly flow of goods to the warehouse.

BACKGROUND

The KCS warehouse, constructed in 1959, was designed to store 440 short tons of refrigerated cargo. Since then the amount of goods to be stored there has expanded considerably, principally because of increases in the amount and number of items stocked.

Presently the warehouse can unload 15 seavans a day. When the amount of goods to be unloaded exceeds the capability to unload and store them, the seavans must be detained in the KCS unloading yard, the German rail yards, or the ocean carrier port facilities. Depending on the type of transportation contract involved, ocean carriers allow 3 to 4 days for unloading the seavans without a penalty charge. Delays beyond that are chargeable at rates up to \$60 a day.

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REQUISITIONING PROCEDURE

The United States Army Material Management Agency Europe (USAMMAE) consolidates requisitions from commissaries and troop supply activities and forwards them to DPSC in Philadelphia. DPSC processes the orders to the depots and vendors in the continental United States and obtains movement instructions from EAMTMC. MSC arranges for ocean transportation to Europe. USAREUR coordinates the movement of the vans to the final destination.

A large backlog occurred in late 1973 and early 1974 when USAREUR requisitioned, and DPSC procured, excessive quantities of chicken. In the summer of 1973, USAREUR ordered very large quantities of chicken in anticipation of an increased demand due to high beef prices.

In late summer 1974, USAREUR was told that the German Health Ministry would require certification, effective November 1, 1974, to restrict the import of frozen chicken. Again, USAREUR ordered large quantities of chicken. The German Government delayed implementation of the requirement, but the chicken shipments could not be stopped. Unless such large orders are coordinated through the entire system, KCS has an unmanageable workload and considerable seavan delay costs are incurred. Some temporary relief has become available with the leasing of commercial refrigerated storage space in Bremerhaven.

FINDINGS

During October and November 1973, the backlog of KCS seavans was about 145 a day. The seavans were held at KCS, German rail yards, and the carriers' port facilities. As a result, USAREUR instituted a blanket "port staging" policy which provided that KCS seavans be kept at the port until called forward. Even with this extensive backlog, seavans continued to be shipped to the warehouse and actions taken by the involved agencies did not solve the problem.

On certain occasions, the ocean carriers attempted to correct the problem. Sea-Land, for instance, placed an embargo on seavan bookings for KCS whenever the in-country level reached 125 seavans.

On two occasions, July and October 1974, the backlog dropped to a manageable level, assuming a daily backlog of not more than 55 seavans for KCS is manageable. We believe, however, that lack of procurement funds, not managerial actions, caused the drop.

Until mid-1974 most of the seavans for KCS were delivered by rail. KCS is designed to unload seavans by rail on one side of the warehouse and to load Army trucks on the other side. Since mid-1974, however, carriers have been delivering seavans by truck and little use has been made of the rail side.

EAMTMC has held numerous meetings with the agencies, but the problem remains. There is a need for direct command communications between the agencies and DOD to resolve the problem.

The backlog problems have cost the U.S. Government over \$1 million a year. The Army and Air Force Exchange Service had similar problems during 1972 which caused them to institute a seavan control procedure. (See enclosure.) This procedure greatly reduced seavan detention at Army and Air Force Exchange Service warehouses in Europe and might alleviate the KCS problem.

RECOMMENDATIONS

We recommend that DOD

- review the stock structure and space requirements at KCS;
- review the communications and coordination procedures between DPSC, EAMTMC, and USAREUR to insure the best possible flow of goods to KCS;
- establish, as necessary, direct command communications between the agencies; and
- determine if more space and seavan unloading capability could be obtained at less cost than the continued seavan detention costs.

We would appreciate being advised of the actions taken on these matters. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

B-145455

we are sending copies of this report to the Director, Office of Management and Budget; the Chairmen, Senate and House Committees on Appropriations, Armed Services, and Government Operations; and the Secretary of the Army.

Sincerely yours,

~~T. E. Sullivan~~

T. E. Sullivan
Director

Enclosure

ESB No. 133 (50-5)

DEPARTMENTS OF THE ARMY AND THE AIR FORCE
HEADQUARTERS ARMY AND AIR FORCE EXCHANGE SERVICE
DALLAS, TEXAS 75222

Exchange Service Bulletin
No. 133 (50-5)

15 February 1974

COMMERCIAL SEAVAN UNLOADING POLICY
(RCS: AAFES-1170, AAFES-1214 and AAFES-1215)
(Supersedes ESB No. 109 (50-12), 19 December 1972)

REFERENCE.

1. Military Sealift Command, RG-8, Container Agreement and Rate Guide 1 July 1973, as amended.

PURPOSE AND APPLICABILITY.

2. This directive prescribes the policy, responsibility, and procedure governing the control and management of seavans after discharge at the overseas port of debarkation.
3. The provisions of this directive are applicable to all AAFES overseas installations served by commercial seavan service. This directive does not apply to military-owned containers such as MILVANS and CONEXES.

DEFINITIONS.

4. Seavan is the military term that identifies an intermodal shipping container owned or leased by a commercial ocean carrier. The term "container" as used in the maritime trade is interchangeable with the term "seavan."

POLICY.

5. AAFES policy is to unload commercial seavans at overseas destinations in the minimum amount of time in keeping with sound economical and operational functions. Therefore, the maximum in-country seavan level, as determined in accordance with paragraph 7, is not to be considered an optimum operating level. The prompt unloading and releasing of empty seavan equipment to carriers will:
 - a. Preclude seavan backlog and avoid possible embargoes being placed on seavan shipments to AAFES overseas consignees by ocean carriers or military commands.
 - b. Prevent demurrage charges on seavans retained by AAFES overseas consignees in excess of contracted turn-around time.
 - c. Expedite receipt of merchandise into AAFES accountability and merchandise systems with an end result of maintaining accountability control and in-stock position.

RESPONSIBILITIES.

6. Regional commanders/general managers in overseas areas are responsible for:
 - a. Exercising prudent management control of all cargo consigned to AAFES at the port of discharge.
 - b. Maintaining continuing liaison with military port and transportation personnel, as well as with ocean carrier representatives, in order to identify and resolve problems affecting the receipt and onward movement of AAFES cargo.
 - c. Establishing a maximum acceptable in-country level of loaded seavans for each activity receiving seavans, as provided in paragraph 7.
 - d. Anticipating an excessive seavan backlog condition by reviewing transcribed or hard-copy vessel manifests and taking immediate action to avoid excessive backlog or lessen the impact.

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e. Reporting container backlogs in accordance with the provisions of this bulletin. The appropriate exchange region headquarters will be designated as "INFO:" addressee on reports from offshore exchanges.

PROCEDURES

7. The maximum acceptable in-country level of loaded seavans will be established by using the following procedures:

a. Determine the number of days normally required for seavans to be delivered to the receiving activity after discharge from the vessel at the port of debarkation.

b. In conjunction with the local port commander, determine the free time authorized for unloading seavans without penalty. Normally, the free time authorized for unloading seavans is three days; however, in some areas the time may vary from as little as 48 hours to as much as 240 hours.

c. Determine the maximum daily seavan unloading capability that can be maintained on a sustained and continuing basis.

d. Compute the maximum acceptable in-country seavan level by adding the normal in-transit time (subparagraph a) and authorized unloading time (subparagraph b) and multiplying the sum by the daily unloading capability (subparagraph c).

EXAMPLE:

(1) Normal in-transit time from port = 5 days

(2) Authorized unloading time = 3 days

(3) Daily unloading capability = 10 seavans

(4) Computation: 5 days plus 3 days times 10 seavans = 80 seavans.

8. When the maximum acceptable in-country seavan level is exceeded at the close of business for any calendar week and the excess cannot be unloaded within the following seven calendar days, the data shown below (RCS: AAFES-1170) will be furnished HQ AAFES, ATTN: Distribution Division, by teletype. Subsequent reports will be rendered each week until the excess backlog has been cleared. Reports will be consecutively numbered starting with "1." When the backlog has been cleared, the last report will show the word "final" following the report number. A sample report is shown at Annex A.

a. Number of seavans on hand on the first day of reporting week.

b. Number of seavans received during week.

c. Number of seavans unloaded during week.

d. Number of seavans on hand and date of last day of reporting week.

e. Established acceptable seavan level.

f. Daily seavan unloading capability.

g. Summary of actions being taken to alleviate the backlog.

h. Projected date when backlog will be eliminated.

9. Separate and distinct from the report identified in paragraph 8, a message report (RCS: AAFES-1214) will be dispatched to HQ AAFES, ATTN: Distribution Division, each week outlining the status of all containers not returned to the control of ocean carriers seven days after the expiration of the "free time" allowed in the local area. Each report will provide the data shown below. Each report will be consecutively numbered starting with "1" for the initial report. A sample report is shown at Annex B.

- a. Container number(s) and ocean carrier.
- b. Name of vessel and voyage number.
- c. Date vessel discharged containers.
- d. Number of days from discharge to report date.
- e. Reason for delay.
- f. Date container(s) arrived at depot.
- g. Projected date of release of container to ocean carrier's control.

10. When seavans are shipped from one origin port to an overseas transit port(s) for discharge and reloading on a feeder vessel(s) for delivery to the ultimate destination port, a requirement exists for overseas receiving exchanges to control containers. The ultimate destination region will record and control the disposition and call forward each seavan in a transit port. For example, seavans manifested and discharged in Hong Kong, a transit port for Thailand Regional Exchange, will be controlled by the Thailand Regional Exchange and called forward on a first-in, first-out basis. Where any specific seavan remains in a transit port longer than 14 days, a report (RCS: AAFES-1215) will be forwarded message once each week to HQ AAFES, ATTN: Distribution Division. Each report will be consecutively numbered and will contain the data shown below in the format shown in Annex C.

- a. Container number(s) and ocean carrier.
- b. Originating vessel and voyage number.
- c. Transit port.
- d. Date vessel discharged at transit port.
- e. Number of days from discharge to report date.
- f. Reason for in-transit delay.
- g. Projected date of transit with feeder vessel's name.
- h. Projected date of arrival at depot.
- i. Projected date of release of container(s) to ocean carrier's control.

FOR THE COMMANDER:

J. C. McMillan
 J. C. McMILLAN
 Colonel, USA
 Chief of Staff

3 Incl
 Annexes A, B and C

OPR: DD

DISTRIBUTION:

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JOINT MESSAGEFORM						SECURITY CLASSIFICATION		
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BOOK	MESSAGE HANDLING INSTRUCTIONS							
<p>FROM: CDRPRE CLARK AB PI //PREL//</p> <p>TO: HQ AAFES //DD//</p> <p>INFO: CDRPACEX HICKAM AFB HI //OL//</p> <p>UNCLAS</p> <p>SUBJECT: RCS: AAFES-1170 REPORT NO. 1</p> <p>A. 95 ON 9 DEC 72.</p> <p>B. 18</p> <p>C. 30</p> <p>D. 83 ON 15 DEC 72.</p> <p>E. 60</p> <p>F. 5</p> <p>G. 16 HRS OVERTIME PER WEEK FOR RECEIVING AND STORAGE PERSONNEL. INCREASED SEAVAN MOVEMENT FROM PORT.</p> <p>H. 21 DEC 72.</p>								
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DRAFTER TYPED NAME, TITLE, OFFICE SYMBOL, PHONE & DATE						SPECIAL INSTRUCTIONS		
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DD FORM 173
1 DEC 70

REPLACES DD FORM 173, 1 JUL 68, WHICH WILL BE USED.

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BOOK	MESSAGE HANDLING INSTRUCTIONS								
<p>FROM: CDR UK EES W RUISLIP ENGLAND</p> <p>TO: HQ AAFES //DD//</p> <p>INFO: CDR EES MUNICH GERMANY //DD//</p> <p>UNCLAS</p> <p>SUBJECT: RCS: AAFES-1214 REPORT NO. 1</p> <p>A. 16078 SEA-LAND</p> <p>B. SEA-LAND McLEAN - VOYAGE A-1061</p> <p>C. 10 JUNE 1973</p> <p>D. 10 DAYS.</p> <p>E. DEPOT CLOSED FOR ANNUAL INVENTORY</p> <p>F. 23 JUNE 1973.</p> <p>G. 26 JUNE 1973.</p> <p>A. 46201 U S LINES</p> <p>B. LIGHTNING - VOYAGE A-1732</p> <p>C. 15 JUNE 1973</p> <p>D. 5 DAYS</p> <p>E. DEPOT CLOSED FOR INVENTORY</p> <p>F. 23 JUNE 1973</p> <p>G. 26 JUNE 1973</p>									
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DD FORM 173
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REPLACES DD FORM 173, 1 JUL 68, WHICH WILL BE USED.
ANNEX B

GPO: 1972 760-275, 1100

